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Burden for rebuilding infrastructure may fall to states

By **Ashley Halsey III**, Published: October 27

Maryland needs more than \$100 million a year to fix bridges. Virginia needs \$125 million a year to repave crumbling roads in suburban Washington. The District needs \$806 million to replace a rusting bridge across the Anacostia River.

The bill for all that, and more, eventually will land on taxpayers' doorsteps. But the postmark won't read "Washington." Instead, the tax bill will come from state or local governments struggling to fill the growing void in federal funding.

Washington's failure to come up with a long-term funding plan to repair the nation's faltering transportation system is shifting the cost of critical infrastructure repairs to state and local taxpayers, according to Standard & Poor's Rating Services.

"The burden to finance infrastructure projects will fall more heavily on local government entities or users in the form of higher rates or tolls," the financial analysts said this past week, "and some important construction could simply be deferred."

Infrastructure has been the elephant in the room in Washington for years. Only a few of the people running for office this year have mentioned it, and none of them have embraced it.

The reason was captured by a single sentence in the Standard & Poor's report: The "country has a \$2.2 trillion backlog of infrastructure projects."

It has been suggested that Maryland spend \$5.8 billion to widen part of the Capital Beltway. Extending the Metro system to Dulles International Airport is a \$5.6 billion project.

Needs like those traditionally have been met with a balance of federal, state and local money. Now, as Washington is gripped by political deadlock and buried in deficits, the balance has begun to shift.

With new taxes an anathema in an anemic economy, and with the possibility of deep automatic budget cuts next year if officials can't agree on alternative savings, a serious discussion about coming up with billions or trillions of

dollars for transportation wasn't on the top candidates' debate agenda.

In four debates — three presidential and one vice-presidential — the single mention of infrastructure came on Oct. 16 when President Obama said that money saved by ending wars could be used to rebuild roads, bridges and schools. Attacking the federal budget deficit, which at a mere \$1.1 trillion is half the size of projected infrastructure needs, made easier fodder for debate.

"Regardless of who wins the next election, for the next couple of years, we see [the available transportation revenue] and it's insufficient," said Geoffrey E. Buswick, the analyst who wrote the Standard & Poor's report. "After that we're not sure we're going to get any type of broad solution or increase in funding unless there is a meaningful tax-reform debate."

Standard & Poor's did credit Congress with passing a \$105 billion bill for surface transportation this year that will expire in September 2014. The bill continued funding at levels set in 2005, adjusted for inflation, but fell vastly short of the amount that independent analysts and most people on Capitol Hill say is required to rescue the nation's infrastructure from the slippery slope of decline.

"We see an expectation in the foreseeable future for reduced federal funding," Buswick said. "The longer there is a tepid economic recovery, the more difficult it is to raise rates. There's already a gap in funding and it's only going to get greater, so it's the longer term that we're more worried about than the shorter term."

The number of bridges that need repair or replacement — 70,000 — usually is part of the discussion when infrastructure issues make news. But it is the largely unseen decay of systems built after World War II that carry the bigger price tag. Tens of thousands of miles of highway that have been repaved for decades now need to be dug up and rebuilt from the bare earth.

In addition to billions of dollars for road and bridge replacement, experts have estimated that \$30 billion should be spent on U.S. ports in the next eight years if they are to stay competitive in a global marketplace.

The price tag for resurrecting the patchwork electrical grid is \$107 billion by 2020, according to the American Society of Civil Engineers.

With an estimated 25 percent of the nation's drinking water leaking from pipes before it can be put to use, the cost of fixing that system has been put at \$335 billion. To fix sewer systems — including some, like the District's, that occasionally pump raw waste into waterways — add in \$300 billion more.

A seminal study on the subject, done two years ago by a group co-chaired by former transportation secretaries Norman Y. Mineta and Samuel K. Skinner, estimated that an additional \$134 billion to \$262 billion should be spent on infrastructure per year.

The bill for some of that will fall to utilities and their customers who want their toilets to flush and their cellphones to be recharged. The cost of rebuilding ports to handle a new breed of super-ship may be shared by taxpayers and private investors. Some of the estimated \$40 billion to replace the aviation control system will come from user fees and airline ticket prices.

The revival of roads and

bridges, however, is a taxpayer burden. With income from the federal gasoline tax steadily declining and projected to plunge dramatically under federal mandates for cars that are more fuel-efficient, Congress has postponed any meaningful conversation on how to tackle the issue until after the votes are cast next month.

With the possibility of automatic budget cuts next year, the \$18.8 billion from general tax funds used to bolster the source of transportation funding — the Highway Trust Fund — may decline dramatically.

Even if the automatic cuts are averted, the problem of funding repairs to roads and bridges will be a divisive issue in Congress as the current highway bill nears expiration.

Some Republicans have advocated limiting spending to what the trust fund brings in. Other lawmakers, notably Senate Environment and Public Works Committee Chairman Barbara Boxer (D-Calif.), have hinted that the pay-for-what-you-use approach exemplified by the gas tax may be extended to one in which motorists pay for each mile they drive. That concept draws sharp opposition in some quarters.

"It's controversial, it's touchy," said Jack Basso, chief operating officer of the American Association of State Highway and Transportation Officials. "But you're still paying for your use of the systems."

States that levy their own gas taxes are feeling the same revenue pinch as the Highway Trust Fund, and some are turning to schemes that charge by the miles traveled. The Intercounty Connector in Maryland and some expressways in California, Georgia and elsewhere are examples, but some states are contemplating a wholesale shift from the gas tax to highway usage fees.

"Oregon is getting closer and closer to converting to that system, the state of Washington is looking closely at it, Nevada's looking closely at it, Minnesota's looking closely at it," Basso said. "Will [increased bridge and highway] tolls pay a significant part? I think they will, because that's going to be the state and local alternative."

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